MINUTES - REGULAR MEETING
SANTA MARIA CITY COUNCIL

CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA

JUNE 18, 2013

INVOCATION:
Lt. Paul Swain of the Salvation Army gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Boysen led the Pledge of Allegiance.

CALL TO ORDER
Mayor Patino called the meeting to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Boysen, Green, Orach, Zuniga, and Mayor Patino.

STAFF MEMBERS PRESENT
City Manager Haydon, City Attorney Trujillo, Director of Community Development Appel, City Librarian Housel, Police Chief Martin, Fire Chief Orr, Director of Recreation and Parks Posada, Director of Utilities Sweet, Director of Public Works/City Engineer Whitehead, Director of Administrative Services Visé, Deputy City Manager Barnhard, and Chief Deputy City Clerk Garietz.

1. PROCLAMATIONS/PRESENTATIONS:

A. RESOLUTION FOR LT. PAUL SWAIN
Councilmember Boysen read Resolution No. 2013-56 recognizing and commending Lieutenant Paul Swain for his years of dedicated service to the Salvation Army and the community of Santa Maria and wishing him and his family continued health and happiness.

Lt. Paul Swain thanked the City Council, the Salvation Army Board, his congregation, the community for their support and for allowing him to serve. He introduced the Board of Directors of the Salvation of Army.

Resolution No. 2013-56 was adopted commending Lieutenant Paul Swain on motion by Councilmember Boysen, seconded by Councilmember Orach, and carried on the following vote:

AYES:	Councilmembers Boysen, Green, Orach, Zuniga and Mayor Patino
NOES:	None
ABSENT:	None
ABSTAIN:	None

Resolution No. 2013-56 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA COMMENDING LIEUTENANT PAUL SWAIN FOR HIS YEARS OF DEDICATED SERVICE TO THE SALVATION ARMY AND THE COMMUNITY OF SANTA MARIA.

B. "RELAY FOR LIFE DAYS"
Mayor Patino read a proclamation declaring June 29 and 30, 2012, as "Relay for Life Days" in the City of Santa Maria and encouraged residents to participate in the Relay for Life event, and recognize the "Purple Ribbon Campaign" to show support to those individuals living with cancer, and honor those individuals that have lost their lives to cancer. The proclamation was accepted by James Thomas.

C. VOLUNTEER OF THE MONTH
Diane Bentley was recognized as the Recreation and Parks Department's Volunteer of the Month for June 2013. Councilmember Zuniga presented a gift to Ms. Bently for her community spirit, and volunteer work at the Elwin Mussell Senior Center, the Santa Maria Public Library, and the Literacy Council.

2. PUBLIC COMMENT:
Mark Rademaker spoke about his religious beliefs.

Tony Thompson spoke about oil development in Santa Maria.

Tom Knowles representing Pacific Crest Estates spoke about fracking in the Area 9 project area, and his opposition to it because of the environmental hazards caused from fracking.

James Eskilson, a resident in Pacific Crest Estates, spoke about oil development in the Area 9 project area.

Santa Maria Firefighter Tim Smallwood spoke about the MDA Fill the Boot fundraiser and indicated that they raised $7,099. Anthony Diaz thanked the community for helping with the MDA Fill the Boot Fundraiser to help kids like him. He thanked the firefighters for volunteering their time, the community for their donations, and Mayor Patino for attending and helping on Fill the Boot day. Anthony Diaz presented a gift to Mayor Patino.

CONSENT CALENDAR:
Councilmember Boysen asked that item 3B be pulled for comment.

3B – Minutes of the Council Meeting of June 4, 2013
Councilmember Boysen commented that on page 7 under the portion of the minutes where he gave his AB1234 report, he indicated that the correct amount of the effects on the State bond issue for the construction of a water pipeline under the delta is $14 billion, not $14 million.

Consent Calendar Items 3A through 3H (except 3C) were approved with the requested amendment to the Minutes of June 4, 2013, on motion by Councilmember Orach, seconded by Councilmember Boysen, and carried on the following vote: 5-0

AYES: Councilmembers Boysen, Green, Orach, Zuniga, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: None

Consent Calendar Item 3C was approved on motion by Councilmember Orach, seconded by Councilmember Zuniga, and carried on the following vote: 4-0-1.

AYES: Councilmembers Green, Orach, Zuniga, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: Councilmember Boysen

A. ORDINANCES.
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES.
The Minutes of the Regular City Council Meeting of June 4, 2013, were approved as amended to correct the amount of the affects on the State bond issue for construction of a water pipeline under the delta to $14 billion, not $14 million on page 7 under AB1234 reports.

C. WARRANTS.
Warrant Nos. 179943 to 780200 totaling $20,128,218.10 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 179656, 179669, and 179752 were cancelled.

D. PAYROLL.
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

E. SANTA MARIA AREA TRANSIT (SMAT) BUS YARD EXPANSION – 2ND READING
The City Council conducted the second reading by title only of Ordinance No. 2013-05, to rezone a 0.67 acre site from PD/M-1 (Planned Development/Light Manufacturing) to PF (Public Facilities) for the Santa Maria Area Transit (SMAT) Bus Yard Expansion located at 1301 Fairway Drive, AND 2.75 acres from OS (Open Space) to PD/M-1 (Planned Development/Light Manufacturing) located at 2641 Airpark Drive.

Ordinance 2013-05 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING THE OFFICIAL ZONING MAP, GPZ-2011-004, E-2011-048, FOR PROPERTIES LOCATED AT 1301 FAIRWAY DRIVE AND 2641 AIRPARK DRIVE.

F. LIBRARY SERVICES COOPERATIVE AGREEMENTS.
Resolution No. 2013-57 was adopted approving a modified Joint Use Cooperative Agreement for Library Services between the City of Santa Maria and the Santa Maria Joint Union High School District.

Resolution No. 2013-57 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A COOPERATIVE AGREEMENT FOR LIBRARY SERVICES WITH THE SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT.

G. NOTICE OF CONTRACT COMPLETION
The City Council approved a Notice of Contract Completion for 2013 Street Overlay and Concrete Improvement Project, Bid No. 2013/02, and directed the Chief Deputy City Clerk to record the same.

H. CALL FOR BIDS
The City Council granted approval to call for bids on the plans and specification for Street Maintenance (Chip Seal), Bid No. 2014/02.

4. A REQUEST FROM NATIONAL STORES, INC., DBA FALLAS TO OCCUPY A VACANT BUILDING WITHIN THE DOWNTOWN SPECIFIC PLAN, 201 TOWN CENTER WEST, ASSESSOR'S PARCEL NUMBER 128-280-003, FILE NOS. DISPDR-2013-0001, E-2013-0005 (1.29 ACRES) AND/OR ADOPT AN URGENCY ORDINANCE AND INTRODUCE FOR FIRST READING AN ORDINANCE ESTABLISHING A MORATORIUM ON BARGAIN BASEMENT STORES IN THE DOWNTOWN SPECIFIC PLAN AREA. The City Council continued a public hearing from the meeting of May 21, 2013, to consider a recommendation from the Planning Commission to adopt a resolution approving a Downtown Specific Plan Development Review Permit for Fallas to occupy a vacant existing 85,900 square foot department store located in the Town Center West shopping center at 201 Town Center West, formerly the Mervyn's store. The City Council may consider the adoption of an urgency ordinance, and introduce for first reading an ordinance establishing a moratorium on bargain basement retail stores in the Downtown Specific Plan Area.

Ex Parte Communications
Councilmember Orach indicated that he had communications with Gary Grossman, Elliot Rothford, Mayor of Pomona, Brian Schwartz of Urban Planning Concepts, Greg Kozak, Susan of the San Jose Store, and Dwight Renderly.

Councilmember Zuniga indicated that she had communications with Greg Kozak.

Mayor Patino indicated she had spoken with Mr. Kozak and Dwight Renderly.

Councilmember Green indicated that he had communications with the Mayor of Pomona and with Mr. Kozak.

Councilmember Boysen indicated that he had communications with the Brian Schwartz of Urban Planning Concepts and Gary Grossman (together) and with Mr. Kozak (separately).

Director of Community Development Appel gave a presentation as detailed in the written Council Agenda Report. On April 17, 2013, the Planning Commission voted 3-2, with Commissioner Dickerson and Chair Waterfield voting No, to recommend that the City Council approve the Downtown Specific Plan Development Review Permit with additional conditions. On May 21, 2013, the City Council continued the Fallas project (DSPDR-2013-0001) until the regularly scheduled meeting of June 18, 2013. The applicant, National Stores, Inc., dba Fallas, applied for a Downtown Specific Plan Development Review Permit (DSPDR) to occupy a vacant store (formerly the Mervyn's Department Store) located in the Town Center West shopping center located at 201 Town Center West. The Mervyn's building is the largest free-standing retail building in the downtown and was assigned by policymakers to have a specific and pivotal or "anchor" role in achieving Santa Maria's commercial goals for the downtown. This role was defined in a Construction, Operation and Reciprocal Easement Agreement (REA) that still controls use of the property. Article III of the REA contains covenants for the use and operation of the Town Center West. Section 3.1 states that "[t]he Shopping Center shall be used only for retail and commercial purposes which are compatible with the operation of a first class shopping center..." Applicable goals, policies, objectives and implementation programs of the General Plan and the Downtown Specific Plan focus on improving the downtown central business district and emphasize that it is to be a regional retail center, drawing customers from outside the County. A discount retail store will neither maintain, nor improve Santa Maria's commercial retail character on a regional basis. It will merely redistribute existing local customers, and will downgrade the premier regional retail property in the downtown of the City. Santa Maria has an abundance of stores selling discount merchandise, but lacks more than one department store selling high-end merchandise to attract regional and local customers to that market. The Planning Commission recommends special conditions regarding the cleanliness and organization of the interior of the store, as well as the maintenance and upkeep of the exterior of the building to be incorporated if this project is approved. As well, special conditions are recommended regarding proliferation of shopping carts outside the building and in surrounding areas, and the trash and recycling receptacles being kept within the building and that the cleanliness of the loading area where collection occurs is to be maintained. Another condition is to have additional security personnel added to ensure the safety of shoppers and prevent loitering around the building and the parking lot. The project would provide a new tenant to the City that does not already exist in the City of Santa Maria. Approximately 85,000 square feet of floor space would be available for taxable sales merchandise, potentially providing the City with $50,000 annually in sales tax

revenue. Fallas has indicated that they intend to hire between 80 to 100 part-time employees, potentially with disposable income to use in the local economy.

City Attorney Trujillo discussed the alternatives as stated in the staff report, which included adopting a moratorium on discount retailers in the Downtown Specific Plan (DTSP) area. A moratorium is a temporary zoning measure which would preserve the status quo and give staff the time to study the issues surrounding the uses that the Council would like to see in the DTSP area. Staff would then proceed with a regular ordinance which would be vetted in the normal process, presented to the Planning Commission for recommendation, and then presented to City Council for their consideration and approval. An urgency and a regular moratorium requires a 4/5ths vote of the City Council to pass. Both ordinances are identical except that the urgency ordinance would take affect tonight and the regular ordinance would be introduced tonight for first reading and would take affect 30 days after adoption. The moratorium would prevent any bargain basement discount retailers within the DTSP area for a minimum of 45 days. The ordinance defines bargain basement as any retail use equal to or in excess of 2,000 square feet with retail sales that are devoted to 65 percent or more of items for sale at a price of $15 or less. The moratorium ordinances expire in 45 days from their date of adoption and can be extended for 10 months and 15 days and subsequently for 1 year, for a total of 24 months. Any extension requires public notice and a 4/5ths vote of the City Council. No more than two extensions may be granted.

Michael Fallas, President and Owner of National Stores, Inc., the Applicant, gave a presentation to the Council and discussed their plans for the store. A PowerPoint was presented to the City Council which gave some of the history of the stores and pictures of the newer stores. It is family-owned and family-run business that cares for the community. Mr. Fallas listed the types of merchandise and some of the brand names that Fallas would carry. He mentioned that they have opened other stores in vacant Mervyn's buildings, and have brought business into the community. He introduced their attorney, Kate Neiswender. She pointed out some of the benefits of Fallas moving into the Mervyn's store which had been vacant for five years, including increased sales tax revenue for the City. They would hire 80 to 120 employees, 20 percent full-time, with wages and benefits competitive with other large national chains. The Community Development Department found Fallas to be consistent with the DTSP, but has changed their report to reflect that the Fallas project is now inconsistent. Fallas has agreed to comply with new additional conditions added to the permit, including $50,000 for slurrying of the City's parking lot. She indicated that Fallas does have issue with the new Condition 21 where it says the Community Development Department would like a complete inventory of the merchandise to be offered in the store for their approval. Fallas would like the word inventory removed from the condition. Ms. Neiswender asked that the City abide by the Construction, Operation and Reciprocal Easement Agreement previously made with Mervyn's in 1988. Ms. Neiswender stated that the urgency and "bargain basement" ordinances indicate that approval of the project would present some danger to health, safety and welfare, which was contrary to the findings of staff and the Planning Commission. Also, the definition of "bargain basement" is 65 percent or more of items for sale are under the $15 price. She gave examples of how difficult it would be to determine the difference in price versus square footage. The seasons also played a roll in the price per item. Mr. Fallas then introduced his staff.

Public Hearing
Mayor Patino opened the Public Hearing at 7:33 p.m.

Ernest Armenta thanked Bob Hatch and others who have worked to bring businesses to Santa Maria, and that business willing to take a risk and invest in the community. He spoke about the business bringing jobs to the community as well as bargain prices. He asked the Council to wait until after they approve this project to move forward with the moratorium ordinances. He mentioned that the competitive wages would be better than other businesses that have opened recently.

Gary Grossman, owner of the Santa Maria Town Center West, spoke about how the Fallas Stores were well run and work well with other department stores. He stated that the profits projected were understated and the Fallas Store would produce higher sales tax revenues for the City than has been indicated. He mentioned the improvements that have been done to the building as well as the parking lot in the shopping center.

Dave Cross representing the Economic Development Commission (EDC) at the Santa Maria Valley Chamber of Commerce, spoke about how they have reached out to other retailers who were interested in expanding in California. He indicated that he was familiar with the long term vacancy of the Mervyn's building and the lack of commercial interest in it by other retailers. The EDC has tried periodically to reach out to other retailers who were expanding in California. He stated that turning down Fallas with the hope that something better will come along was not supported by history or the facts. Fallas purchased the building to open a retail store that adequately fits the zoning, and they were issued permits to begin tenant improvements. They are committed to keeping the building attractive, work with City on conditions for doing business, hiring from the City's workforce, and generating sales tax. For those reasons, the Chamber of Commerce and the EDC supports the Fallas project.

Artis Robinson commented that she was happy that a store was going into the Mervyn's building since it had been vacant for so long.

Willie Galvan commented about his support for the Fallas project. The Fallas store would bring additional revenue to the City, hire 75-100 employees who would spend their wages in the City. He spoke about his experience at a Fallas store in Houston, Texas, and that it was clean, stocked well, and made a good presentation. He asked the Council to consider supporting the Fallas project.

Pam Adkisson spoke in support of the Fallas store and of her shopping experiences at the Mall and at Mervyn's, and has been disappointed that the building had been empty for so long. She indicated that she shopped local, was excited to have Fallas come to town. She also commented that she worked at the Town Center West shopping center for three years, and it had been difficult attracting and retaining tenants in the shopping center.

Eileen Dickey spoke in support of the Fallas store indicating that she and her children would shop there. Fallas would offer fashionable clothes at a discount price. She indicated that she worked with Mr. Grossman as the Corporate Broker. When talking with other brokers about the building, she was told that there were pricing and per capita demographic issues for major retailers; and therefore, would not support a Nordstrom store. She commented on the Reciprocal Easement Agreement indicating the Fallas store would be categorized as a Class A store.

Frieda Siamon spoke in support of the Fallas store due to its central location. The newest retail businesses have opened at the south end of the City, which makes it difficult for senior citizens to shop. The City has the opportunity to have a nice store with reasonable prices, and quality merchandise. She encouraged the Council to support the project.

John Wilbanks representing RRM Design Group spoke in support of the Fallas project. He indicated that Fallas has been in business since 1962, and wants to locate to Santa Maria in a building that has remained vacant for a number of years was a gift that the Council should be thankful to receive. Business brings people whether it was discount or not. The way to revitalize the Town Center West was to fill the vacant buildings.

Anthony Chaparpo representing Anthony's Jewelers, a tenant in Town Center West, spoke in opposition to the Fallas project indicating his concerns for the City's image with the types of businesses opening that were mostly discount stores and tobacco shops. He commented about revitalization efforts in the downtown Los Angeles area, and that the City needed to get ahead and plan for tomorrow.

Karen Cordary spoke in opposition to the Fallas store and her experiences in Fallas store around the State, and indicated that not one of them looked like the San Jose store. She asked if anyone could buy any building they wanted, and then sue the City if the community did not want the business. If this is the case, she inquired if the City was afraid it would lose the lawsuit. She commented about an article in the Santa Maria Times which indicated that the City was comprised of 70 percent Hispanic and low income families who would think having a Fallas store was a great idea. She stated that the article was an insult to the many young Hispanic people who have worked hard in school to overcome obstacles. She stated that by putting the Fallas store in the middle of the downtown sends a message to young people that they are poor and will always be poor. She further commented on statements made by Mr. Grossman that Rite Aid and Big 5 Sporting Goods would pull out of the center if Fallas did not move in, which she considers scare tactics aimed at the City.

Roy Allen spoke in opposition to the Fallas store indicating that the City did not need anymore discount stores as there were about 20 already. He could support the Fallas store in another part of Santa Maria, just not the downtown area. He expressed his concern about a slide in the PowerPoint presentation made by the attorney for Fallas where it indicated a threat of litigation and attorney fees. If the City could not bring in a higher-end store for the Mervyn's building, subdividing it should be considered so smaller high-end stores could locate there, particularly a men's store.

Debra Huntsucker spoke in opposition to the Fallas store indicating that the City did not need one more discount store. She said that the City needed more things for kids to do, and suggested that the Mervyn's building contain an ice skating rink on the bottom floor and a roller skating rink on the top floor. It would draw people from other Central Coast cities.

Nancy Stewart spoke in opposition to approving the Fallas Store permit. She said the presentation was beautiful and the concept was nice, but she did not want more of the same shopping centers with discount stores and uncared for appearance such as the Pepper Tree Plaza. The Fallas stores that she has encountered did not resemble in anyway what was presented tonight. They resembled what the Pepper Tree Plaza looks like today. She suggested that the Council consider a moratorium to have more time to consider this project. She also commented that the sales tax dollars generated by Fallas

would not be at the levels generated by that of the old Mervyn's. She suggested that the Council consider a moratorium to have more time to consider this project. She is concerned that more of the same type of discount stores locating in the Town Center West and the downtown will deteriorate.

Michael Fallas spoke in favor of approving the Fallas Store permit. He spoke about the vision his company has and the investment they were making in the building, business and the community. Fallas is a great company, and would like the opportunity to open the business in Santa Maria.

Written Communications
Chief Deputy City Clerk Garietz announced that written correspondence was received from Tom Heslop; Rella Heslop; Ann Smith; Gina Rodriguez; David Pecci; Amanda Martinez; John Stevens; and Eric Rodriguez discouraging the approval of the request from National Stores, Inc., dba Fallas to occupy the former Mervyn's store, and requested other higher-end shopping alternatives in that location. Two written communications were received from Gary Grossman of Inland Pacific Builders and Laurie Tamura of Urban Planning Concepts encouraging the approval of the request from National Stores, Inc., dba Fallas to occupy the former Mervyn's store.

There being no additional requests to speak, Mayor Patino closed the Public Hearing at 8:04 p.m.

Councilmember Discussion
Councilmember Boysen asked City Attorney Trujillo if the Council was going to bifurcate the question of approving the Fallas store with the moratorium. He asked if the Council should consider the permit or moratorium first.

City Attorney Trujillo responded that it was up to the Council's discretion which item to consider first, and it could be handled with a simple motion and second for each item to determine the will of the Council.

Councilmember Green indicated that the moratorium should be considered first.

Councilmember Boysen commented that at some point the Council needs to re-evaluate the DTSP and the types of commercial establishments to analyze the possibility of amending the DTSP. He indicated that he was concerned about the City's image, but was more concerned with the image the Council would send to the business community if it starts changing the rules in the middle of the game. He was not convinced that Fallas would not draw people to the City. He indicated that the City should be careful on the use of the moratorium. He indicated that he was in favor of approving the permit with the conditions recommended by the Planning Commission, with the exception of analyzing every item in the inventory.

Councilmember Orach indicated that he traveled to the Bakersfield store, and in speaking with people in that community was advised that he probably should not shop at that store. Once inside, he had to track down an employee and ask where the men's suits were and when he got there, there were only 10 suits. He had also traveled to the San Jose flagship store which was completely different with cleanliness and the inventory. He was concerned about the difference between them. He recommended not moving forward with the permit at this time to study all the facts. He stated that at the Planning Commission meeting, Dwight Renderly indicated that the Santa Maria store would open as a flag ship store, and wondered when do they decide when the store will change into a super-discount store.

Mayor Patino commented that she was business-friendly and that she and her husband are business owners. She spoke about the community getting together to decide what types of businesses would go into the downtown area. The City Council wanted to discuss businesses going into a building over 5,000 square feet to enhance the downtown area and meet the vision in the DTSP. She read the vision from the DTSP, and indicated that she did not think that people would travel from 30 miles away to shop at Fallas. The vision was to have families come to Santa Maria to be entertained and to shop. The DTSP was a great plan, but there may be some areas which need to be reviewed and revisited.

Councilmember Zuniga thanked Mr. Fallas for his presentation. She commented that the DTSP had been made a long time ago, and that it should be revisited and reevaluated. She mentioned another project that should have been a mixed-use project, but because the developer did not think mixed use would work in a specific location the Council abandoned the DTSP for that developer/project. The Chamber of Commerce has worked hard to attract businesses and expand the business community. She was concerned about how it looks to the business community. She agreed that the project was not exactly the vision the Council had, but neither was a vacant building. She would support the project. She indicated that she trusted that the City's store would be a flagship store and would be maintained as such. She does not support a moratorium.

Councilmember Green commented that the Council should take a second look at the project; and consider a moratorium and use the time toward re-negotiation.

Councilmember Boysen indicated that he was not in support of establishing a moratorium before voting on the Fallas store, but would consider a moratorium after a vote on Fallas to give staff and the Planning Commission time to review the DTSP for what could be the influx of other discount stores in the downtown area. He does not want to send a message to the business community that the City was in the business of creating moratoriums.

Mayor Patino spoke about moratoriums allowing the Council to take their time with making this decision in order to make the best decision.

Director of Community Development Appel commented that there were multiple items before the Council to consider which included the project, the ordinances for a moratorium, and a future study of the DTSP. The ordinances could be handled independently of the decision on the project, and the project as presented with findings and conditions was complete to make a decision on the project without further study.

Councilmember Orach made a motion to deny the project.

City Attorney Trujillo interrupted to point out, in the Staff Report under the section titled "Alternatives," that if Council was going to discuss denying the project, then it was staff's recommendation to continue the matter with direction to staff to prepare a resolution of denial with findings.

Councilmember Orach modified his motion to accept staff's recommendation to continue the matter, and direct staff to prepare a resolution of denial with the appropriate findings, and seconded by Councilmember Green.

Councilmember Boysen asked if the applicant requested a specific continuance that the Council would consider it before there was a vote on the motion.

Councilmember Orach asked City Attorney Trujillo about Councilmember Boysen's suggestion for the applicant to ask for a continuance to give time for the City to study the issue further.

Councilmember Boysen asked that the motion be withdrawn. He voiced his concern that the decision the Council was making would send a very negative message to the business community.

City Attorney Trujillo clarified that the motion was to continue the item and direct staff to return with a resolution of findings to support a denial, and that the motion was not a vote to deny the project. A moratorium, if adopted tonight, requires a 4/5 vote of the Council which would essentially accomplish the same thing and maintain the status quo for 45 days. He stated the project was not being denied tonight and a resolution of denial would still need to be voted on by the Council at a future meeting; the Council was simply continuing the matter to deny the project.

Councilmember Zuniga asked the purpose of the continuance was solely to staff provide the Council with recommendations regarding the denial.

City Attorney Trujillo confirmed that there was no resolution of denial before the Council this evening and there were no findings drafted supporting a resolution of denial. He indicated that he would need time to prepare and examine the record to determine if there is substantial evidence in the record to support each finding of denial. He requested that the matter be continued at least 30 days so he could adequately review the record.

Councilmember Zuniga asked City Attorney Trujillo, with the continuance, does the applicant continue improvements in the store.

City Attorney Trujillo indicated that he could not advise the applicant on that issue

Councilmember Orach clarified his motion to accept staff's recommendation to continue the matter to August 6, 2013, and direct staff to prepare a resolution of denial with the appropriate findings, and seconded by Councilmember Green.

Councilmember Boysen stated that this will go down as one of the blackest days in City of Santa Maria's economic history.

The motion to accept staff's recommendation to continue the matter to August 6, 2013, and direct staff to prepare a resolution of denial with the appropriate findings carried on the following vote:

AYES: Councilmembers Green, Orach, and Mayor Patino
NOES: Councilmember Boysen and Zuniga
ABSENT: None
ABSTAIN: None

Mayor Patino called for a short recess at 8:40 p.m.

REGULAR BUSINESS:

Mayor Patino reconvened the meeting at 8:47 p.m. with all Councilmembers present.

5. CONSIDERATION OF AMENDMENTS TO THE ADOPTED 2013-14 CITY BUDGET (SECOND YEAR OF THE APPROVED TWO-YEAR BUDGET. City Manager Haydon gave a presentation as detailed in the written Council Agenda Report. The City Council considered proposed amendments to the adopted 2013-14 City Budget (second year of the approved two-year budget). Mr. Haydon discussed Santa Maria's high unemployment rate and the fact that it had almost doubled from where the City was in 2006/07. While the nation has experienced an upturn in property sales and values, home values in Santa Maria are at the same level it was back in 2002. The City has lost about ten years of appreciation in home values. Revenues from property taxes were low resulting from the recession and the crash of the housing market which caused the County to reassess property values. The City's property tax revenue dropped to $14 million back in 2009-10. The City was looking at $100,000 more in property taxes projected in 2013-14. New construction permits declined from a high of $2.5 million in 2006-07 down to approximately $1.0 million in 2012-13 and projected to be the same for 2013-14, a loss of approximately $1.5 million from pre-recession times. The City received $3.2 million in interest income; however, due to lower interest rates, return on investments, and lower fund balance the interest income revenues are projected at $1.0 million for 2013-14. The City has lost about $2.2 million in interest income over the last five years. Sales tax was beginning to pick up due to increased consumer confidence and higher spending. Including the quarter cent Measure U Sales Tax, sales tax represented almost 40 percent of all income into the General Fund. The increase in sales tax was mitigated by the loss of income in the NHIS fund, from $5.6 million down to $1.3 million anticipated for 2012-13, and $1.1 million is projected for 2013-14. He indicated that at one time, the revenue generated from this fund paid for nine firefighters at Station No. 4, as well as sixteen police officers. The projected revenue of $1.1 million will not cover the firefighters at Station No. 4, nor the police officers previously funded through the NHIS program. He summarized the revenue presentation by stating that the overall General Fund revenues for next year is $54.8 million, $30,000 more than previously adopted. For the 2013-14 proposed appropriations, the majority of the increase is due to the increased debt service of $1.3 million as a result of the elimination of the Redevelopment Agency. Mr. Haydon spoke about two new General Fund contributions that were being recommended in this next budget, $12,000 toward the Central Coast Collaboration on Homelessness (C3H), and $2,500 toward the Santa Barbara County Veterans Stand Down Event.

Revenues are $54,917,380 and appropriations are $57,973,820, with an estimated structural deficit of $3,056,440. The actual structural budget deficit would be closer to $5.5 million if not for the use of one time LEAF financing. The balance in the LEAF Reserve at June 30, 2013, is approximately $4.8 million. Using $3.1 million in General Fund Reserves to balance the budget would result in the General Fund Reserve dropping to $10.9 million (or 19 percent) which is 6 percent below the Council approved Reserve Policy of 25 percent. Mr. Haydon then talked about the Measure U approved Expenditure Plan, and reviewed the current allocations and the proposed allocations. It is projected that unencumbered Measure U funding for 2013-14 will $441,000. Staff recommended Council consider using this funding for auditing services ($3,880), an inter-fund loan payment associated with Phase III of the Santa Maria Levee Repair Project ($106,130), 55 new breathing units for the fire department ($339,000), increased utility costs associated with the new Police Department Facility on Betteravia Road (168,000) as well as $70,000 toward Phase II of the tenant improvements at that facility. There were no material variances proposed for the Enterprise Funds. A policy issue was also presented whether or not to use one-time proceeds from the Convention Center Trust Fund to help finance the tenant improvements of the new police facility during 2013-14. He also discussed the CalPERS pension fund rate increases that are anticipated for 2015-16 through 2020-21. The increases would be incremental through the five years. This will be a significant impact in about two years and it needs to be taken into consideration when considering related budget items.

Mayor Patino asked when the City would consider performing the functions of Animal Control Services instead of paying the County of Santa Barbara for these services.

City Manager Haydon responded that staff performed a study and that it would be feasible, at least in part, once the costs reached approximately $700,000.

Councilmember Zuniga asked whether the funds from the Convention Center Trust Fund would be returned to the fund or whether the fund would be eliminated due the results of a feasibility study indicating a self-sustaining convention center was not viable at this time.

City Manager Haydon responded that the recommendation was to use the funds for the Phase II tenant improvements at the police facility. He indicated that a couple of feasibility studies were conducted, as well as hearing experiences from other cities that have built convention centers, the results indicated that building a convention center is cost prohibited and that operating expenses would be in the millions of dollars.

City Manager Haydon added that the City anticipates incremental debt service payments for the next seven to eight years which would then free up additional funding in the General Fund. This will go towards some cost-saving measures in eight or nine years so that when it comes time Measure U to renew, the City will be in the position to have reduced its expenses and hopefully increased its revenues.

Public Input

Ernest Armenta commented that City employees will eventually be paying the same share of their retirement as new hires. He asked about the Convention Center Trust Fund and how the funds would be used. He also asked about the Stowell Parking Lot and Special District regarding the loan from the Landscape District to the Stowell Special District. He recommended that the Stowell Center Special District pay more in assessments, instead of the Landscape Maintenance District rate payers paying more.

Nancy Stewart commented on the use of the Convention Center Trust Fund monies for the police facility, instead of what it was set up for.

Mayor Patino asked about previous discussions regarding the use of the Convention Center Trust Fund monies for a performing arts center.

Mr. Haydon responded there had been some preliminary discussions about a joint effort with the high school district for a performing arts center. As a joint use facility that would be open to the public, the City would have had to finance about $6 million for the project which was not feasible at that point in time. Mr. Haydon also responded to Ms. Stewart that the City had communicated with the Chamber of Commerce and the business community, and they were not opposed to using the Convention Center Trust Fund monies for the Police Facility. In response to Mr. Armenta's comments, City Manager Haydon mentioned that Governor Brown passed pension reform requiring all agency employees within the CalPERS system to pay their full share by July 1, 2018.

Council Discussion

Councilmember Boysen commented that ongoing utility costs for the new Police Facility should be paid from the General Fund since it is an ongoing expense, rather than from Measure U funds. He suggested funding the new Police Commander position from Measure U as it may end up being less than the eight years Measure U will be in existence. He commented that he was concerned that nine months into the Measure U funding, City Manager Haydon was indicating a renewal of Measure U2012. He stated that the Council presented Measure U to the citizens of Santa Maria as a one-time, nine-year measure, and that it sunsets as promised. Councilmember Boysen spoke about the Convention Center Trust Fund. He said the City has in the past been consistent at underestimating revenues and overestimating expenses. He suggested borrowing from the Convention Center Fund to complete the tenant improvements in the Police Facility and use General Funds to replace the funds for future use. He also commented on the CalPERS pension fund increases suggesting that the increases may be ameliorated with the smoothing process and may not have as significant an impact as is currently thought.

City Manager Haydon responded and clarified his comment about "renewing" Measure U and that he stands corrected, that he did not intend to say "renew" . He indicated that staff was working toward reducing expenses and increasing income in the next eight years. The goal is to allow Measure U2012 to sunset.

Councilmember Zuniga asked about the audit for Measure U analysis.

City Manager Haydon clarified that the audit was strictly for Measure U2012 to be used by the Measure U Oversight Committee appointed by the City Council.

Councilmember Zuniga commented that some of the proposed Measure U2012 adjustments were to fund the Police Facility $168,000 utility costs and $70,000 construction costs. Councilmember Zuniga asked if it would be possible to use capital funds for these expenses to free up funding to purchase additional equipment for the Fire and Police Departments.

City Manager Haydon explained that since the utility costs were on-going, he would rather use General Funds for that use. The tenant improvements for the Police Facility are a one-time expense that could come out of the capital funds.

Councilmember Orach stated that he was on the Council when the study was done for the Convention Center. He indicated that he has never thought spending one-time funding for ongoing expenses was a wise decision.

Councilmember Green did not have any comments on the budget.

Mayor Patino indicated that she would support use of the Convention Center funds on the police facility. She also indicated that she would like to place a portion of the Convention Center funds into the LEAF account to get the savings account going again.

City Manager Haydon responded that previous Council direction requires that any money coming in from the NHIS program in excess of the budget,will be going into the LEAF fund. Also, any large one-time funds coming into the General Fund will also go into the LEAF fund to start building it back up.

Mayor Patino asked if there were any written communications.

Chief Deputy City Clerk Garietz indicated there was one written communication from Joan Leon representing the Santa Maria Community Coalition asking about the utility expenses of the new Police facility and how they will be paid when Measure U runs out. The letter suggested applying for grants for the installation of solar panels on the roof top of the Police facility, and about grant funding to hire the new firefighters and inquired on how the firefighters would be funded once Measure U runs out. She also indicated her support for using the Convention Center funds for the new Police facility.

There was a consensus of the Council making a policy decision to finance a portion of the Phase II tenant improvements to the Police Facility with proceeds from the Convention Center Trust Fund in the amount of $1,976,390 to be allocated to the General Fund Capital Projects fund.

Councilmember Boysen made a motion to approve Resolution No. 2013-59 with amendments to decrease the proposed Measure U2012 fund allocations by excluding the ongoing expenses for the Police Facility utility costs ($168,000) and Police Tenant Improvements ($70,000), to decrease the appropriation in the Police Department in the General Fund for the Police Commander position ($218,000), to increase adjustments to Measure U2012 to include the said Police Commander position, and to increase appropriations in the Police Department in the General Fund to include said Police Facility utility costs. Councilmember Zuniga seconded the motion.

Mayor Patino asked about a budget item in the Recreation and Parks for various capital rehabilitation needs and emergency repairs, and if they were part of the lights being put in at Oakley Park.

City Manager Haydon stated that the lights at Oakley Park were part of the CDBG Capital Grant that the City received and that the $100,000 in Recreation & Parks Capital Projects approved tonight are for various maintenance projects throughout the entire park system.

There were no other comments from Councilmembers.

Resolution No. 2013-59 was adopted approving the amendments to the 2013-13 City Budget as amended, and authorizing the City Manager to implement the same on motion by Councilmember Boysen, seconded by Councilmember Zuniga, and carried on the following vote:

AYES: Councilmembers Boysen, Green, Orach, Zuniga, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2013-59 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING THE BUDGET FOR 2013-14 AND DELEGATING THE CITY MANAGER TO IMPLEMENT SAME.

CITY MANAGER'S REPORT

City Manager Haydon reported on items anticipated for the July 2, 2013, City Council meeting to include a Public Hearing on the landscape maintenance assessments with Recreation and Parks Department; two Regular Business items, the tiger salamander mitigation agreement associated with Union Valley Parkway and the appeal of the employee discipline with the City Attorney's Office; and Consent Agenda items related to tonight's budget process.

ORAL REPORTS BY COUNCILMEMBERS REGARDING AB1234

Councilmember Zuniga reported that she attended Teen Court, and the GI Forum hosted Professor Victor Reyes from UCSB, Santa Maria High School administrators regarding the School Community Education Project. She mentioned that no Community Gardeners from the Mussell Senior Center who were in good standing were relocated, and the four people who asked to be relocated to the VTC were relocated. She mentioned that she had thanked Recreation and Parks for their work on the sidewalks in town that needed repair at the last meeting, but noted that the work was being completed by the Public Works Department and thanked them.

Councilmember Green reported that he attended a Chamber of Commerce Transportation meeting, the Walmart Grand Opening on Blosser Road, the Police Officers' Swearing In Ceremony, and the KCLU Sign-On Celebration at the 510 Events Center. He also met with Urban Planning Concepts a couple of times and has another meeting set up in the coming week.

Mayor Patino reported that she attended the North County Subregional meeting, the CWA Focus Group, the Santa Maria High School Graduation, attended the MDA Fill the Boot Fundraiser and the Santa Maria Valley Trauma Response Center, the Chamber of Commerce Transportation meeting, took a field trip to Union Valley Parkway which will be open in October and the interchange will be open in November, presented a Certificate of Recognition at the Recreation and Parks Commission meeting, attended the WalMart Grand Opening, the Quarterly Schools meeting, the SBCAG Regional Transportation Meeting, the Police Officers' Swearing in Ceremony, and the KCLU Sign-On Celebration.

Councilmember Boysen reported that he worked with City Attorney Trujillo regarding a Santa Maria Valley Railroad visual and safety issue. Due to the diligent effort of the City Attorney's staff, there was a successful conclusion. He reported that he attended the Bay Delta tour with Utilities Engineer Steve Kahn on how the State was going to ensure long term water delivery methods, and a supply of water to the southern half of California.

Bob Orach reported that he attended the LAFCO meeting and celebration of Bob Braitman, who was retiring, via teleconference.

ADJOURNMENT:

There being no further business to come before the City Council at this time, Mayor Patino declared the meeting of the City Council adjourned at 10:03 p.m.

APPROVED

June 18, 2013
Date

Rhonda M. Garietz
Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

Alice M. Patino
Mayor of the City of Santa Maria

ATTEST

Rhonda M. Garietz, CMC
Chief Deputy City Clerk